

FINAL BILL REPORT

SHB 2402

C 186 L 10
Synopsis as Enacted

Brief Description: Concerning a property tax exemption for property owned by a nonprofit organization and used for the purpose of a farmers market.

Sponsors: House Committee on Finance (originally sponsored by Representatives White, Rolfes, Armstrong, Haler, Nelson, Roberts, Maxwell, Dickerson, Crouse, Jacks, Walsh, Wallace, Sells, Ormsby, Kenney, Williams, Blake, Chase, Morris, Campbell, Appleton, Carlyle, Conway, Bailey, Hope and Haigh).

House Committee on Finance
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background:

Property Tax Exemptions for Nonprofit Organizations.

All property in Washington is subject to property tax each year based on the property's value unless a specific exemption is provided by law. Several property tax exemptions exist for nonprofit organizations.

Public Assembly Halls or Meeting Places. Nonprofit public assembly halls or meeting places are exempt from property taxes. To qualify for the exemption the property must be used for public gatherings and be available to all organizations or persons desiring to use the property.

Generally, the property may not be rented out for a business purpose (pecuniary gain) except for no more than 15 days each year. The collection of rent, donations, or income received from the use of the property for pecuniary gain must be used for capital improvements of the exempt property, maintenance and operations, or exempt purposes. The tax exempt status of the property is not affected by use of the property for fundraising activities conducted by a nonprofit organization.

Churches. The property tax exemption available for churches is limited to five acres including grounds covered by the church, parsonage, convent, maintenance buildings, and parking. Unoccupied ground cannot exceed one-third acre (120 by 120 feet). Church property may be loaned or rented to nonprofit organizations for charitable purposes if the rent

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

received for the use of the property is reasonable and does not exceed maintenance and operation expenses.

Qualifying Farmers Markets.

A qualifying farmers market is an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in Washington directly to the consumer. Several minimum requirements must be met including: (1) at least five participating vendors are farmers selling their own agricultural products; (2) the total combined gross annual sales of vendors who are farmers must exceed the total combined gross annual sales of vendors who are processors or resellers; (3) the total combined gross annual sales of vendors who are farmers, processors, or resellers must exceed the total combined gross annual sales of vendors who are not farmers, processors, or resellers; (4) the sale of imported items and secondhand items by any vendor is prohibited; and (5) no vendor is a franchisee.

Summary:

Public Assembly Halls or Meeting Places.

Nonprofit organizations operating public assembly halls or meeting places may retain their exemption from property taxation if the property is used by qualifying farmers markets for not more than 53 days each assessment year. Income from rental or use by qualifying farmers' markets must be used for capital improvements, maintenance and operation, or exempt purposes.

Churches.

Church property loaned or rented to a nonprofit organization for use by a qualifying farmers market is exempt from property taxation. Use for this purpose may not occur more than 53 days each assessment year. Rental income must be reasonable and devoted solely to operation and maintenance of the property.

Limited Term.

The act applies to taxes levied for collection in 2011 through 2020. The exemptions expire on December 31, 2020.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 1 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: June 10, 2010